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**UNITED STATES DEPARTMENT OF AGRICULTURE**  
**BUREAU OF AGRICULTURAL ECONOMICS**

**Service and Regulatory Announcements No. 127**

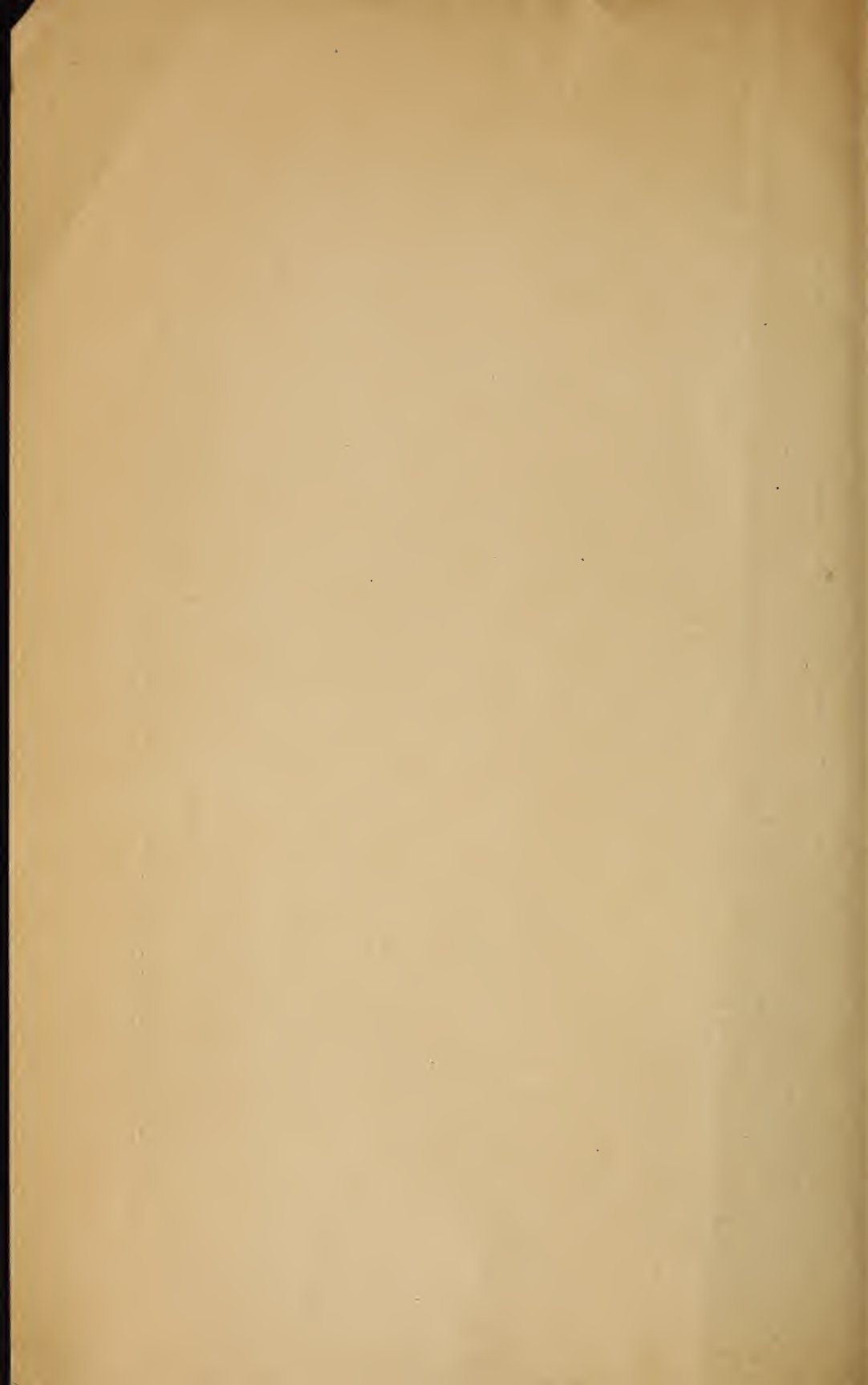
**REGULATIONS**  
**FOR**  
**WAREHOUSEMEN STORING GRAIN**

**Approved May 9, 1931**  
**Amended December 17, 1936**

**REGULATIONS OF THE SECRETARY OF AGRICULTURE**  
**UNDER THE UNITED STATES WAREHOUSE**  
**ACT OF AUGUST 11, 1916**  
**AS AMENDED**

**Issued June 1931**  
**Reissued December 1937**





# United States Department of Agriculture

## BUREAU OF AGRICULTURAL ECONOMICS

### SERVICE AND REGULATORY ANNOUNCEMENTS NO. 127, REVISED

## REGULATIONS FOR WAREHOUSEMEN STORING GRAIN, AS AMENDED

### UNITED STATES DEPARTMENT OF AGRICULTURE, OFFICE OF THE SECRETARY.

By virtue of the authority vested in the Secretary of Agriculture by the United States warehouse act, approved August 11, 1916 (39 U. S. Stat. L., pp. 446, 486), as amended, I, Arthur M. Hyde, Secretary of Agriculture, do make, prescribe, publish, and give public notice of the following rules and regulations, to be known as the regulations for grain warehousemen, and to be in force and effect until amended or superseded by rules and regulations hereafter made by the Secretary of Agriculture. These rules and regulations shall supersede all rules and regulations issued under said act heretofore for grain warehousemen.

In testimony whereof I have hereunto set my hand and caused the official seal of the Department of Agriculture to be affixed in the City of Washington this 9th day of May, 1931.



*Arthur M. Hyde*  
Secretary of Agriculture.

## REGULATIONS FOR GRAIN WAREHOUSEMEN UNDER THE UNITED STATES WAREHOUSE ACT

### Regulation 1. Definitions

SECTION 1. Words used in these regulations in the singular form shall be deemed to import the plural, and vice versa, as the case may demand. Words import singular or plural.

SEC. 2. For the purpose of these regulations, unless the context otherwise require, the following terms shall be construed, respectively, to mean— Terms defined.

Paragraph 1. *The act.*—The United States warehouse act, approved August 11, 1916 (39 U. S. Stat. at L. pp. 446, 486), as amended. The act.

Par. 2. *Person.*—An individual, corporation, partnership, or two or more persons having a joint or common interest. Person.

Par. 3. *Department.*—The United States Department of Agriculture. Department.

Par. 4. *Secretary.*—The Secretary of Agriculture of the United States. Secretary.

Par. 5. *Designated representative.*—The chief of the bureau. Designated representative.

Par. 6. *Chief of the bureau.*—The Chief of the Bureau of Agricultural Economics. Chief of the bureau.

Par. 7. *Bureau.*—The Bureau of Agricultural Economics of the United States Department of Agriculture. Bureau.

Par. 8. *Regulations.*—Rules and regulations made under the act by the Secretary. Regulations.

Par. 9. *Dockage.*—Dockage in grain as defined by the official grain standards of the United States. Dockage.



- Grain.** *Par. 10. Grain.*—All products commonly classed as grain, such as wheat, corn, oats, barley, rye, flaxseed, rough, brown, and milled rice, sunflower seeds, field peas, soybeans, emmer, grain sorghums, and such other products as are ordinarily stored in grain warehouses, subject to the disapproval of the chief of the bureau.
- Nonstorage grain.** *Par. 11. Nonstorage grain.*—Grain received temporarily into a warehouse for conditioning, transferring, assembling for shipment, or lots of grain moving through a warehouse for current merchandising or milling use, against which no receipts are issued and no storage charges assessed, provided that merchandising or milling stocks held in storage as reserve stocks, or stored for use at an indefinite future date, may not be treated as non-storage grain.
- Warehouse.** *Par. 12. Warehouse.*—Unless the context otherwise clearly indicates, any building, structure, or other protected inclosure licensed or to be licensed under the act, in which grain is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which grain is or may be stored.
- Bin.** *Par. 13. Bin.*—A bin, tank, interstice, or other container in a warehouse in which bulk grain may be stored.
- Warehouseman.** *Par. 14. Warehouseman.*—Any person lawfully engaged in the business of storing grain, who holds an effective warehouseman's license under the act, or who has applied for such a license.
- License.** *Par. 15. License.*—A license issued under the act by the Secretary, or his designated representative.
- Warehouseman's bond.** *Par. 16. Warehouseman's bond.*—The bond required by the act to be given by a warehouseman.
- Inspector.** *Par. 17. Inspector.*—A person licensed under the act by the Secretary, or his designated representative, to inspect and grade and/or certificate the grade of grain stored or to be stored in a warehouse licensed under the act.
- Weigher.** *Par. 18. Weigher.*—A person licensed under the act by the Secretary, or his designated representative, to weigh and/or certificate the weight of grain stored or to be stored in a warehouse licensed under the act.
- Grain standards act.** *Par. 19. Grain standards act.*—The United States grain standards act, approved August 11, 1916 (39 U. S. Stat. at L. pp. 446, 486).
- Official grain standards of the United States.** *Par. 20. Official grain standards of the United States.*—The standards of quality or condition for grain, fixed and established by the Secretary under the grain standards act.
- Receipt.** *Par. 21. Receipt.*—A licensed warehouse receipt issued under the act.

## Regulation 2. Warehouse Licenses

- Application form.** **SECTION 1.** Applications for licenses and for amendments of licenses under the act shall be made to the Secretary upon prescribed forms furnished by the bureau, shall be in English, shall truly state the information therein contained, and shall be signed by the applicant. The applicant shall at any time furnish such additional information as the Secretary, or his designated representative, shall find to be necessary to the consideration of his application.
- Scales.** **Sec. 2. Paragraph 1.** Each warehouse must be equipped with suitable scales in good order, and so arranged that all grain, whether for storage or for nonstorage purposes, can be weighed in and out of the warehouse. The scales in any warehouse shall be subject to examination by representatives of the department and to disapproval by the chief of the bureau. If he disapproves any weighing apparatus, it shall not thereafter be used in ascertaining the weight of grain for the purposes of this act, until such disapproval be withdrawn.
- Bins, compartments, etc., to be numbered in an approved manner.** *Par. 2.* Both bulk grain bins and compartments for sacked grain of all warehouses licensed under the act shall be identified by means of clearly discernible numbers securely affixed thereto. The series of numbers to be used shall be approved by the bureau.

Bulk grain bins shall be numbered so as to be easily identified at the openings on top and also on or near the outlet valves underneath. Compartments shall be numbered in such a manner as to clearly show the space covered by each number.

SEC. 3. *Paragraph 1.* Every warehouseman operating a "field" or "custodian" warehouse shall, during the life of his license, display and maintain appropriate signs on the licensed warehouse, both on the inside and on the exterior walls of the warehouse, and particularly on doors and usual places of entry, in such a manner as will ordinarily be calculated to give the public correct notice of his tenancy of all buildings or parts thereof included in his license. Signs of tenancy to be posted.

*Par. 2.* Such signs shall be of such size and design as to readily attract the attention of the public and shall include the following: (a) The name and license number of the licensee, (b) the name of the warehouse, (c) whether the warehouseman is owner or lessee, and (d) the words "public warehouse." Wording of signs.

*Par. 3.* Such other wording or lettering may appear in the sign or signs not inconsistent with the purpose of the act and these regulations as may be approved by the chief of the bureau. Other wording permitted.

*Par. 4.* Immediately upon its expiration or suspension or revocation all reference to the license shall be removed from the warehouse. Signs to be removed upon expiration or suspension of license.

*Par. 5.* No sign indicating control, tenancy, or ownership of a licensed warehouse by any person other than the licensee shall appear on any such warehouse. Other signs prohibited.

SEC. 4. *Paragraph 1.* The warehouseman conducting a warehouse for which application for license has been made, shall have and maintain, above all exemptions and liabilities, net assets liable for the payment of any indebtedness arising from the conduct of the warehouse, to the extent of at least 10 cents per bushel of its licensed grain storage capacity, determined in accordance with regulation 3, section 2, paragraph 1, except that the amount of such assets shall not be less than \$5,000 and need not be more than \$100,000. In case buildings, machinery, or merchandise are included among such assets, the warehouseman shall procure and maintain insurance fully to protect such property against loss or damage by fire. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business, and subject to service of process in suits brought in the State where the warehouse is located. Net assets.

*Par. 2.* In case such warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, such warehouses shall be deemed to be one warehouse for the purpose of the assets required under this section, and such warehouseman shall have and maintain above all exemptions and liabilities, net assets adequately protected by insurance against loss or damage by fire, liable for the payment of any indebtedness arising from the conduct of any of such warehouses, to the extent of at least 10 cents per bushel of their aggregate grain storage capacity except that the amount of such assets need not be more than \$100,000. Assets for two or more warehouses.

*Par. 3.* For the purpose of paragraphs 1 and 2 of this section only, capital stock, as such, shall not be considered a liability. A deficiency in assets may be supplied by an increase in the amount of the warehouseman's bond equal to such deficiency. Deficiency.

SEC. 5. A license for the conduct of a warehouse, or any amendment to a license, shall not be granted if it is found by the Secretary, or his designated representative, that the warehouse is not suitable for the proper storage of grain, that the warehouseman does not possess a good reputation or is insolvent or incompetent to conduct such warehouse in accordance with the act and these regulations; that the warehouseman has failed to comply with these regulations, or that there is any other sufficient reason within the purposes of the act for not issuing such license. Grounds for not issuing license.



License or extension shall be posted.

Suspension or revocation of warehouse licenses.

Return of terminated, suspended, or revoked warehouse license.

Lost or destroyed warehouse license.

Unlicensed warehousemen must not represent themselves as licensed.

Time of filing

Amount based on storage capacity.

SEC. 6. Immediately upon receipt of his license or of any modification or extension thereof under the act, the warehouseman shall post same, and thereafter, except as otherwise provided in these regulations, keep it posted until suspended or terminated, in a conspicuous place in the principal office where receipts issued by such warehouseman are delivered to depositors.

SEC. 7. Pending investigation, the Secretary, or his designated representative, whenever he deems necessary, may suspend a warehouseman's license temporarily without hearing. Upon written request and a satisfactory statement of reasons therefor, submitted by a warehouseman, the Secretary, or his designated representative, may, without hearing, suspend or revoke the license issued to such warehouseman. The Secretary, or his designated representative, may, after opportunity for hearing has been afforded in the manner prescribed in this section, revoke a license issued to a warehouseman when such warehouseman (a) is bankrupt or insolvent; (b) has parted, in whole or in part, with his control over the licensed warehouse; (c) is in process of dissolution or has been dissolved; (d) has for any reason ceased to conduct such licensed warehouse; or (e) has in any other manner become incompetent or incapacitated to conduct the business of the warehouse. Whenever any of the conditions mentioned in subdivisions (a) to (e) of this section shall come into existence, it shall be the duty of the warehouseman to notify immediately the chief of the bureau of the existing condition. Before a license is revoked for any violation of, or failure to comply with, any provision of the act or of these regulations, or upon the ground that unreasonable or exorbitant charges have been made for services rendered, the warehouseman involved shall be furnished by the Secretary, or his designated representative, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

SEC. 8. In case a license issued to a warehouseman terminates or is suspended or revoked by the Secretary, or his designated representative, such license shall be immediately returned to the Secretary. At the expiration of any period of suspension of such license, unless it be in the meantime revoked, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the warehouseman to whom it was originally issued and it shall be posted as prescribed in section 6 of this regulation: *Provided*, That in the discretion of the Secretary, or his designated representative, a new license may be issued without reference to the suspension.

SEC. 9. Upon satisfactory proof of the loss or destruction of a license issued to a warehouseman, a duplicate thereof, or a new license may be issued under the same number.

SEC. 10. No warehouse or its warehouseman shall be designated as licensed under the act, and no name or description conveying the impression that it or he is so licensed shall be used, either in a receipt or otherwise, unless such warehouseman holds an unsuspended and unrevoked license for the conduct of such warehouse.

### Regulation 3. Warehouse Bonds

SECTION 1. Unless the warehouseman has previously filed with the Secretary the necessary bond required by section 2 of this regulation, he shall file such bond within a time, if any, specified by the Secretary, or his designated representative, said bond to cover all obligations arising thereunder during the period of the license.

SEC. 2. *Paragraph 1.* Exclusive of any amount which may be added in accordance with paragraphs 2 and 3 of this section, the amount of such bond shall be fixed at the rate of 5 cents per bushel of the maximum number of bushels that the warehouse will accommodate when stored in the manner customary to the



warehouse for which such bond is required, as determined by the chief of the bureau, but not less than \$5,000 nor more than \$50,000. In case a warehouseman has applied for licenses to conduct two or more warehouses in the same State, the assets applicable to all of which shall be subject to the liabilities of each, and shall desire to give a single bond meeting the requirements of the act and these regulations, such warehouses shall be deemed to be one warehouse for the purposes of the bond required under this regulation. The amount of said bond shall be fixed at the rate of 5 cents per bushel of the maximum number of bushels that all of said warehouses will accommodate when stored in the manner customary to each of such warehouses for which such bond is required, as determined by the chief of the bureau, but not less than \$5,000 nor more than \$50,000.

Bond covering two or more warehouses.

Par. 2. In case of a deficiency in net assets, there shall be added to the amount fixed in accordance with paragraph 1 of this section an amount equal to such deficiency.

Additional amount for deficiency in net assets.

Par. 3. In case the Secretary, or his designated representative, finds the existence of conditions warranting such action, there shall be added to the amount fixed in accordance with paragraph 1 of this section a further amount to meet such conditions.

Additional amount for special conditions.

SEC. 3. In case an application is made for an amendment to a license and no bond previously filed by the warehouseman under this regulation covers obligations arising during the period covered by such amendment, the warehouseman shall, when notice has been given by the Secretary, or his designated representative, that his application for such amendment will be granted upon compliance by such warehouseman with the act, file with the Secretary, within a time, if any, fixed in such notice, a bond complying with the act. In the discretion of the Secretary, or his designated representative, a properly executed instrument in form approved by him, amending, extending, or continuing in force and effect the obligations of a valid bond previously filed by the warehouseman and otherwise complying with the act and these regulations, may be filed in lieu of a new bond.

Extension bond.

SEC. 4. A continuous form of license shall not remain in force for more than one year from its effective date, or any subsequent extension thereof, unless each year prior to the date on which the license would expire, the warehouseman files a bond in the required amount with the Secretary and such bond has been approved by him or his designated representative.

New bond required to continue license beyond one year.

SEC. 5. No bond, amendment, or continuation thereof shall be accepted for the purposes of the act and these regulations until it has been approved by the Secretary, or his designated representative.

Approval of bond.

#### Regulation 4. Warehouse Receipts

SECTION 1. *Paragraph 1.* Every receipt, whether negotiable or nonnegotiable, issued for grain stored in a licensed warehouse shall, in addition to complying with the requirements of section 18 of the act, embody within its written or printed terms the following: (a) The name of the warehouseman and the designation, if any, of the warehouse, (b) a statement whether the warehouseman is incorporated or unincorporated, and if incorporated, under what laws, (c) in event the relationship existing between the warehouseman and any depositor is not that of strictly disinterested custodianship, a statement setting forth the actual relationship, (d) a statement conspicuously placed, whether or not the grain is insured, and, if insured, to what extent, by the warehouseman against loss by fire, lightning, tornado, or otherwise, (e) the net weight, including dockage, if any, of the grain, (f) in the case of grain the identity of which is to be preserved, its identification or location in accordance with section 13 of regulation 5, (g) the words "Not Negotiable," or "Negotiable," according to the nature of the receipt, clearly and conspicuously printed or stamped thereon, and (h) that the holder of the re-

Contents of negotiable and nonnegotiable receipts.

ceipt or the depositor of the grain shall demand the delivery of the grain not later than the expiration of one year from the date of the receipt.

Storage period.

*Par. 2.* Every receipt, whether negotiable or nonnegotiable, issued for grain stored in a warehouse shall specify a period, not exceeding one year, for which the grain is accepted for storage under the act and these regulations. Upon demand and surrender of the old receipt by the lawful holder thereof at or before the expiration of the period specified, the warehouseman, upon such lawful terms and conditions as may be granted by him to other depositors of grain in his warehouse, if he then continues to act as a licensed warehouseman, may issue a new receipt for a further specified period, not exceeding one year; provided it is actually determined by a licensed inspector that the grain has not deteriorated and that it is in proper condition for storage for another year.

Additional contents of negotiable receipts.

*Par. 3.* Every negotiable receipt issued shall, in addition to conforming with the requirements of paragraph 1 of this section, embody within its written or printed terms, a form of indorsement which may be used by the depositor, or his authorized agent, for showing the ownership of, and liens, mortgages, or other encumbrances on the grain covered by the receipt.

Grade of grain.

*Par. 4.* The grade stated in a receipt shall be stated in accordance with regulation 8, as determined by the inspector who last inspected and graded the grain before the issuance of such receipt, or if an appeal from the determinations of such inspector has been taken either under the grain standards act and regulations thereunder or under regulation 9 of these regulations, the grade shall be stated on such receipt in accordance with the grade as finally determined in such appeal. If the final grade thus determined be different from that shown by the receipt issued for such grain, the warehouseman shall, upon the return of the old receipt, if the same is not already in his possession, issue a new receipt stating such final grade.

When grade omitted receipt must be so marked.

*Par. 5.* If a warehouseman issues a receipt omitting the statement of grade on request of the depositor as permitted by section 18 of the act, such receipt shall have clearly and conspicuously stamped or written in the space provided for the statement of grade the words "Not graded on request of depositor."

Blank spaces in receipt to be filled in.

*Par. 6.* If a warehouseman issues a receipt under the act omitting any information not required to be stated, for which a blank space is provided in the form of the receipt, a line shall be drawn through such space to show that such omission has been made purposely by the warehouseman.

Grain must be inspected and weighed. Dockage must be stated.

*Sec. 2. Paragraph 1.* Except in case of identity preserved grain, when the grading is omitted at request of depositor, no receipt shall be issued under the act or these regulations until the grain covered by such receipt has been inspected and graded by a person duly licensed to inspect and grade such grain and to certificate the grade thereof, and been weighed by a person duly licensed to weigh such grain and to certificate the weight thereof. The receipt issued to cover such grain shall show the grade, including percentage of dockage, if any, condition, and weight, in conformity therewith.

Grading identity preserved grain must be omitted on depositor's request.

*Par. 2.* When requested by the depositor of grain the identity of which is to be preserved, a receipt omitting statement of grade but not weight may be issued.

Nonstorage grain shall be graded and weighed. Copies of receipts.

*Par. 3.* All fungible nonstorage grain received into and delivered out of a warehouse must be correctly inspected, graded, and weighed by a licensed inspector and/or weigher.

*SEC. 3.* Any copies of receipts, except those issued in lieu of the original in case of lost or destroyed receipts, shall have clearly and conspicuously printed or stamped thereon the words "Copy—Not Negotiable." If exact copies are not made, skeleton copies bearing the same numbers as the corresponding original receipts bear, shall be made, but such skeleton copies need not be marked "Copy—Not Negotiable."



SEC. 4. *Paragraph 1.* In the case of a lost or destroyed receipt, <sup>Lost or destroyed receipts.</sup> if there be no statute of the United States or law of a State applicable thereto, a new receipt upon the same terms, subject to the same conditions, and bearing on its face the number and the date of the receipt in lieu of which it is issued and a plain and conspicuous statement that it is a duplicate receipt issued in lieu of a lost or destroyed receipt, may be issued upon compliance with the conditions set out in paragraph 2 of this section.

*Par. 2.* Before issuing such new or duplicate receipt the warehouseman shall require the depositor or other person applying therefor to make and file with him (a) an affidavit showing that the applicant is lawfully entitled to the possession of the original receipt, that he has not negotiated or assigned it, how the original receipt was lost or destroyed, and if lost, that diligent effort has been made to find the receipt without success, and (b) a bond in an amount double the value, at the time the bond is given, of the grain represented by the lost or destroyed receipt. <sup>Affidavit of loss or destruction of receipts.</sup> Such bond shall be in a form approved for the purpose by the Secretary, or his designated representative, shall be conditioned to indemnify the warehouseman against any loss sustained by reason of the issuance of such receipt, and shall have as surety thereon preferably a surety company which is authorized to do business, and is subject to service of process in a suit on the bond, in the State in which the warehouse is located, or at least two individuals who are residents of such State and each of whom owns real property therein having a value, in excess of all exemptions and encumbrances, equal to the amount of the bond. <sup>Bond for lost receipts.</sup>

SEC. 5. Receipts issued by a warehouseman shall be (a) in form prescribed by the chief of the bureau, (b) printed by a printer with whom the United States has a subsisting contract and bond for such printing, and (c) on distinctive paper manufactured by and procured from a manufacturer with whom the United States has a subsisting contract and bond for the manufacture of such paper. <sup>Approval of forms and printing of receipts.</sup>

SEC. 6. If a warehouseman delivers a part only of a lot of grain for which he has issued a negotiable receipt under the act, he shall take up and cancel such receipt and issue a new receipt in accordance with these regulations for the undelivered portion of the grain. The new receipt shall show the date of issuance and also indicate the number and date of the receipt first issued. <sup>Partial delivery of grain.</sup>

SEC. 7. Except as permitted by law or by these regulations a warehouseman shall not deliver grain for which he has issued a negotiable receipt until the receipt has been returned to him and canceled, and shall not deliver grain for which he has issued a nonnegotiable receipt until such receipt has been returned to him or he has obtained from the person lawfully entitled to such delivery, or his authorized agent, a written order therefor. Before delivery is made of the last portion of a lot of grain covered by a nonnegotiable receipt, the receipt itself shall be surrendered. <sup>Return of receipts before delivery.</sup>

SEC. 8. Each person to whom a nonnegotiable receipt is issued shall furnish the warehouseman with a statement in writing indicating the person or persons having power to authorize delivery of grain covered by such receipt, together with the bona fide signature of such person or persons. No licensed warehouseman shall honor an order for the release of grain covered by a nonnegotiable receipt until he has first ascertained that the person issuing the order has authority to order such release, and that the signature of the releasing party is genuine. <sup>Persons to whom nonnegotiable receipts are issued must furnish warehouseman with names and signatures of parties empowered to make releases.</sup>

SEC. 9. No warehouseman shall, directly or indirectly by any means whatsoever, compel or attempt to compel the depositor of any grain stored or offered for storage in his warehouse to request the issuance of a receipt omitting the statement of grade. <sup>Warehouseman not to attempt to compel grade to be omitted.</sup>

SEC. 10. When the lawful holder of one or more receipts covering an entire lot of identity preserved grain or a mass of grain stored in a single bin requests the warehouseman to deliver <sup>Loading out without weighing.</sup>

said lot or mass without reweighing said grain, the warehouseman may make such delivery if there is an accurate record of the weight of such grain when received. Such deliveries shall be made only when the lawful holder of the receipts agrees to assume all shortages and other risks incidental thereto, and after the warehouse receipts covering all of the grain in the container have been surrendered to the warehouseman and canceled. After the receipts covering such grain have been surrendered for cancellation no other grain shall be placed in the bin until the entire lot has been delivered.

Persons authorized to sign receipts.

SEC. 11. Each warehouseman shall file with the department the name and genuine signature of each person authorized to sign warehouse receipts for the warehouseman, and shall promptly notify the department of any changes as to persons authorized to sign and shall file the signatures of such persons, and each warehouseman shall be bound by such signatures the same as if he had personally signed the receipt.

Weight and inspection certificates must be filed as basis for issuing receipts.

SEC. 12. Before issuing any receipt under the act each warehouseman shall, unless he personally weighed, inspected, and graded, if graded, a lot of grain, first obtain either a copy of or the original weight certificate, and inspection certificate, if any, covering said lot of grain, and said weight and grade certificates shall be filed as a permanent record in the warehouseman's office when the receipt is issued. The number of the warehouse receipt issued for the grain covered by such certificates shall be written on the certificate before filing.

Receipts to be issued for all stored grain.

SEC. 13. Receipts must be issued for all grain stored in a warehouse. Receipts need not be issued against nonstorage grain, but each warehouseman shall keep accurate records of the weights, kinds and grades of all lots of nonstorage grain received into and delivered from his warehouse. Whenever the purpose for which any lot of nonstorage grain was received into a warehouse is changed so that its approximate delivery period from the warehouse becomes indeterminate, receipts shall be issued to cover such grain.

Nonstorage grain records.

Receipts must be issued if it becomes stored.

SEC. 14. No receipt shall be issued for any product or by-product which would fall under the term "screenings."

Receipts shall not be issued for "screenings."

Canceled receipts to be forwarded to bureau for auditing.

SEC. 15. Each warehouseman, if requested by the bureau, shall forward his canceled receipts for auditing to such field offices of the bureau as may be designated from time to time.

### Regulation 5. Duties of Warehouseman

Insurance against fire, lightning, or tornado.

SECTION 1. *Paragraph 1.* Each warehouseman, when so requested in writing as to any grain by the depositor thereof or lawful holder of the receipt covering such grain, shall, to the extent to which, in the exercise of due diligence, he is able to procure such insurance, keep such grain while in his custody as a warehouseman insured in his own name or arrange for its insurance otherwise to the extent so requested, against loss or damage by fire, lightning, and/or tornado. When insurance is not carried in the warehouseman's name, the receipts shall show that the grain is not insured by the warehouseman. Such insurance shall be covered by lawful policies issued by one or more insurance companies authorized to do such business, and subject to service of process in suits brought in the State where the warehouse is located. If the warehouseman is unable to procure such insurance to the extent requested, he shall, orally or by telegraph or by telephone immediately notify the person making the request of the fact. Nothing in this section shall be construed to prevent the warehouseman from adopting a rule that he will insure all grain stored in his warehouse.

Must comply with insurance terms.

*Par. 2.* Each warehouseman shall comply fully with the terms of insurance policies or contracts covering his licensed warehouse and all products stored therein, and shall not commit any acts, nor permit his employees to do anything, which might impair or invalidate such insurance.



*Par. 3.* Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 6, and at such other place as the chief of the bureau or his representative may from time to time designate, a notice stating briefly the conditions under which the grain will be insured against loss or damage by fire, lightning, and tornado.

Notice regarding insurance to be posted.

*Par. 4.* Each warehouseman shall, in accordance with his contracts with insurance and bonding companies for the purpose of meeting the insurance and bonding requirements of these regulations, pay such premiums, permit such reasonable inspections and examinations, and make such reasonable reports as may be provided for in such contracts.

Premiums, inspections, and reports.

*Par. 5.* Each warehouseman shall promptly take such steps as may be necessary and proper to collect any moneys which may become due under contracts of insurance entered into by him for the purpose of meeting the requirements of these regulations, and shall, as soon as collected, promptly pay to the persons concerned any portion of such moneys which they may be entitled to receive from him.

Warehouseman to collect and pay over insurance.

*Par. 6.* If at any time a fire shall occur at or within any warehouse, it shall be the duty of the warehouseman to report immediately by wire to the chief of the bureau the occurrence of such fire and the extent of damage.

Fire loss to be reported by wire.

*SEC. 2.* Each warehouseman shall provide a fireproof safe, vault, or compartment in which he shall keep, when not in actual use, all records, books, and papers pertaining to the licensed warehouse, including his current receipt book, copies of issued and canceled receipts, except that with the written consent of the bureau, upon a showing by such warehouseman that it is not practicable to provide such fireproof safe, vault, or compartment, he may keep such records, books and papers in some other place of safety, approved by the bureau. All canceled receipts shall be arranged by the warehouseman in numerical order as soon as possible after their cancellation and shall be preserved in numerical order thereafter.

Records to be kept in safe place.

Canceled receipts to be kept in numerical order.

*SEC. 3.* A warehouseman shall not make any unreasonable or exorbitant charge for services rendered. Before a license to conduct a warehouse is granted under the act the warehouseman shall file with the department a copy of his rules and a schedule of charges to be made by him if licensed. Before making any change in such rules or schedule of charges he shall file with the department a statement in writing showing the proposed change and the reasons therefor. Each warehouseman shall keep exposed conspicuously in the place prescribed by regulation 2, section 6, and at such other place, accessible to the public, as the bureau may from time to time designate, a copy of his current rules and schedule of charges.

Warehouse charges.

*SEC. 4. Paragraph 1.* Each warehouse shall be kept open for the purpose of receiving grain for storage and delivering grain out of storage every business day for a period of not less than six hours between the hours of 8 a. m. and 6 p. m. except as provided in paragraph 2 of this section. The warehouseman shall keep conspicuously posted on the door of the public entrance to his office and to his licensed warehouse a notice showing the hours during which the warehouse will be kept open, except when such warehouse is kept open continuously from 8 a. m. to 6 p. m.

Business hours.

*Par. 2.* In case the warehouse is not to be kept open as required by paragraph 1 of this section, the notice posted as prescribed in that paragraph shall state the period during which the warehouse is to be closed and the name of an accessible person, with the address where he is to be found, and the telephone number, if any, who shall be authorized to deliver grain stored in such warehouse, upon lawful demand by the depositor thereof or the holder of the receipt therefor, as the case may be.

Closing of warehouses.

*SEC. 5.* Each warehouseman shall have and maintain a system of accounts, approved for the purpose by the bureau. This shall include a stock record showing for each lot of grain received for

System of accounts.

	<p>storage its net weight including dockage, if any, its grade when its grade is required to be, or is, ascertained, its location, the dates received for and delivered out of storage, the receipts issued and canceled, also a separate record for each depositor of his grain, which shall include a detailed record of all moneys received and disbursed and of all insurance policies taken out and canceled on request of each depositor. The warehouseman shall further keep a general insurance account showing the policy number, issuing company, amount, binding and expiration dates of all fire, tornado, and other insurance policies taken out by him and in each instance show the property covered by such policies. These records shall also show similar information concerning any nonstorage grain handled through the warehouse.</p> <p>Sec. 6. <i>Paragraph 1.</i> Each warehouseman shall, from time to time, if requested by the bureau, make such reports, on forms prescribed and furnished for the purpose by the bureau, concerning the condition, contents, operation, and business of the warehouse.</p> <p><i>Par. 2.</i> Each warehouseman shall keep on file, as a part of the records of the warehouse, for such period as may be prescribed by the bureau, an exact copy of each kind of report submitted.</p> <p>Sec. 7. Each warehouseman shall permit any officer or agent of the department, authorized by the Secretary, or his designated representative, for the purpose, to enter and inspect or examine on any business day during the usual hours of business, any warehouse for the conduct of which such warehouseman holds a license, the office thereof, the books, records, papers, and accounts relating thereto, and the contents thereof, and such warehouseman shall furnish such officer or agent the assistance necessary to enable him to make any inspection or examination under this section.</p> <p>Sec. 8. Each warehouseman shall at all times, including any period of suspension of his license, exercise such care in regard to grain in his custody as a reasonably careful owner would exercise under the same circumstances and conditions.</p> <p>Sec. 9. If, at any time, a warehouseman shall handle or store grain otherwise than as a licensed warehouseman, or shall handle or store any other commodity, he shall so protect the same, and otherwise exercise care with respect to it, as not to endanger the grain in his custody as a warehouseman or impair the insurance thereof or his ability to meet his obligations and perform his duties under the act and these regulations.</p> <p>Sec. 10. If at any time a warehouseman shall store grain in his warehouse in excess of the capacity for which it is licensed, such warehouseman shall immediately notify the bureau of such excess storage, the reason therefor, and the location thereof.</p> <p>Sec. 11. Except as may be required by law or these regulations, a warehouseman shall not remove any grain for storage from the licensed warehouse or a part thereof in which it may be specially binned or stored for insurance purposes, and transfer the grain to another bin without first obtaining the receipt, cancelling the same and issuing a new receipt for said grain following its transfer.</p> <p>Sec. 12. Each warehouseman shall accept all grain for storage and shall deliver out of storage all bulk grain, other than specially binned grain, in accordance with the grades of such grain as determined by a person duly licensed to inspect and grade such grain and to certificate the grade thereof and in accordance with the weights of such grain as determined by a person duly licensed to weigh such grain and to certificate the weight thereof, under the act and these regulations; or if an appeal from the determination of an inspector has been taken, either under the grain standards act and regulations thereunder or under regulation 9 of these regulations, such grain shall be accepted for and delivered out of storage in accordance with the grades as finally determined in such appeal.</p>
Record of non-storage grain.	
Reports if requested.	
Copies of reports to be kept.	
Inspections and examinations of warehouse.	
Care of grain in licensed warehouse.	
Care of other grain and other commodities.	
Excess storage.	
Removal of grain specially binned or stored for insurance purposes.	
Grades and weights according to which bulk grain shall be accepted and delivered.	



SEC. 13. Upon the acceptance by a warehouseman for the storage in his warehouse, of any lot of grain the identity of which is to be preserved, he shall store, or cause to be stored, such grain in an individual bin or compartment identified by clearly distinguishable numbers or letters permanently and securely affixed thereto, or shall so mark the lot or the bags of such grain or so place them in the warehouse that the identity of the grain will not be lost during the storage period, and his records shall clearly show the location of such grain in the warehouse.

Storage of identity preserved grain.

SEC. 14. Each warehouseman shall keep sacked grain stored in an orderly manner so as to permit easy access to all lots and to facilitate inspecting, sampling, counting, and identification of each lot.

Sacked grain to be kept piled in orderly manner.

SEC. 15. Each warehouseman shall keep his warehouse reasonably clean at all times and free from straw, rubbish, or accumulations of materials that will increase the fire hazard or interfere with the handling of grain.

All warehouses to be kept clean.

SEC. 16. Except as may be provided by law or these regulations, each warehouseman, (a) upon proper presentation of a receipt for any grain other than identity stored grain, and which grain has not at the request of the depositor or lawful holder of the receipt covering such grain or otherwise as permitted by law or these regulations, been dried or otherwise conditioned by such warehouseman, and upon payment of tender of all advances and legal charges, shall deliver to such depositor or lawful holder of such receipt grain of the grade and quantity named in such receipt; and (b) upon proper presentation of a receipt for any grain the identity of which was to have been preserved during the storage period, and upon payment or tender of all advances and legal charges, shall deliver to the person lawfully entitled thereto, the identical grain so stored in his warehouse.

Delivery of fungible grain.

Delivery of identity preserved grain.

SEC. 17. Each warehouseman whose warehouse is equipped with machinery suitable for the purpose, shall clean all bulk grain received for storage in such warehouse, on which the inspector at the request of the depositor or lawful holder of the receipt covering such grain has set dockage for cleaning.

Cleaning of grain. Dockage set to cover shrinkage.

SEC. 18. A warehouseman may not mix lots of different grades of grain stored or received for storage except when the identity of the grain to be stored is to be preserved or when a depositor surrenders receipts covering two or more lots and requests the warehouseman to deliver the amount of grain represented by the canceled receipts in such a manner that they will become one lot. The balance, if any, of grain resulting from this operation, after weighing and inspecting, is to be stored with grain of like grade or its identity preserved.

Grades must be kept separate in storage.

Mixing on delivery.

Overage to be weighed and inspected before restoring.

SEC. 19. Warehouseman must keep stocks of grain in storage by grades in balance with the grades of grain represented by outstanding receipts, except when the grain has unavoidably improved or deteriorated through natural causes. In case the grades of stored grain should get out of balance with grades represented by outstanding receipts, the warehouseman shall effect proper adjustments.

Stocks must be kept in balance by grades with receipts.

SEC. 20. Paragraph 1. If the condition of any grain offered for storage is such that it probably will affect the condition of grain in the licensed warehouse, the warehouseman shall not receive such grain for storage or store such grain in his licensed warehouse, but, if the warehouse has separate bins or is equipped with proper conditioning apparatus, he may receive such grain for storage in such separate bins or he may condition it and then store it in such manner as will not lower the grade of other grain.

Grain out of condition to be stored specially binned or first conditioned.

Par. 2. In case the warehouseman or the department shall find that storage of grain in direct contact with any part of the structure of a warehouse results, or is likely to result, in damage to the grain, the warehouseman shall not store grain in such part

Grain to be kept in same condition as when stored.

of the warehouse except in such manner and by the use of such material as will keep the grain in the same condition as when stored.

Grain going out of condition.

Notice to interested parties.

May be re-conditioned.

Warehouseman shall give notice of grain out of condition.

Contents of notice.

Persons to whom notice shall be sent.

Notice to be posted.

Record of persons interested in receipt or grain.

SEC. 21. In case the warehouseman considers that any portion of the grain in his warehouse is out of condition, or becoming so, he shall direct the inspector to examine the grain in question. If the inspector finds such grain to be out of condition or becoming so and he is of the opinion that by reelevating, screening, blowing, cooling, or drying the grain can be brought back into condition or that further deterioration can be prevented, such warehouseman shall give immediate notice of the fact to the persons and in the manner specified in section 22 of this regulation. If, within 24 hours after the giving of such notice, the owners of such grain have not otherwise directed as to the disposition of same, such warehouseman, with the approval of the inspector, shall, in his warehouse to the extent to which it is equipped with machinery suitable for the purpose, or may in another warehouse or elevator so equipped to the extent to which his warehouse is not equipped with suitable machinery, subject the grain to any or all of the above-mentioned processes.

SEC. 22. *Paragraph 1.* If the warehouseman with the approval of the inspector, shall determine that the further deterioration of any grain can not be prevented by reconditioning, or after treating it in accordance with section 21 of this regulation, it is still out of condition, the warehouseman shall give immediate notice of the fact, in accordance with paragraphs 2 and 3 of this section.

*Par. 2.* Such notice shall state (a) the warehouse in which the grain is stored, (b) the quantity, kind, and grade, if determined, of the grain at the time the notice is given, (c) the actual condition of the grain as nearly as can be ascertained, and the reason, if known, for such condition, (d) the oldest outstanding receipts covering the amount of grain out of condition, other than sacked or specially binned grain, upon which the grain will be delivered, giving the number and date of each such receipt and the quantity, the kind, and grade of the grain as stated in such receipts, or (e) the outstanding receipts covering the grain out of condition the identity of which was to have been preserved, giving the number and date of each such receipt and the designation of the bin, container or location of such grain as stated in the receipt therefor, and (f) that such grain will be delivered upon the return and cancellation of the receipts therefor.

*Par. 3.* A copy of such notice shall be delivered in person or shall be sent by mail (a) to the persons holding the oldest receipts covering the grain in question mentioned in subdivisions (d) and (e) of paragraph 2 of this section if known to the warehouseman, (b) to any other person, including the persons mentioned in paragraph 4 of this section, known by the warehouseman to be interested in the grain, (c) to the grain exchange, board of trade, or chamber of commerce, if any, in the city or town in or nearest to which the warehouse is located, and (d) to the chief of the bureau. If the holders of the receipts and the owners of the grain are known to the warehouseman and can not, in the regular course of the mails, be reached within 12 hours, the warehouseman shall, whether or not requested so to do in accordance with paragraph 4 of this section, also immediately notify such persons by telegraph or telephone at their expense. Public notice shall also be given by posting a copy of such notice in a conspicuous place in the main office of the warehouse where receipts are issued.

*Par. 4.* Any person, interested in any grain or the receipt covering such grain stored in a warehouse, may, in writing, notify the warehouseman conducting such warehouse, of the fact and nature of his interest, and such warehouseman shall keep a record of the fact. If such person requests, in writing, that he be notified regarding the condition of any such grain and agrees to pay the



cost of any telegraph or telephone toll charge, such warehouseman shall notify such person in accordance with such request.

*Par. 5.* Nothing contained in this section shall be construed as relieving the warehouseman from properly caring for any grain after notification of its condition in accordance with this section.

SEC. 23. If the grain, advertised in accordance with the requirements of section 22 of this regulation, has not been removed from storage by the owner thereof within 10 days from the date of notice of its being out of condition, the warehouseman in whose warehouse such grain is stored may sell the same at public auction at the expense and for the account of the owner after giving 10 days' notice in the manner specified in paragraph 3 of section 22 of this regulation.

SEC. 24. Subject to the provisions of section 13 of the act, a licensed warehouseman may elect not to receive grain for storage the identity of which is to be preserved while in storage.

Warehouseman not relieved from properly caring for grain at all times.

Grain may be sold at public auction after notice.

Acceptance of identity preserved grain optional.

### Regulation 6. Fees

SECTION 1. There shall be charged, assessed, and collected a fee of \$10 for each original or amended warehouseman's license applied for by a warehouseman, and a fee of \$3 for each license, or amendment thereto, issued to an inspector and/or weigher.

SEC. 2. There shall be charged, assessed, and collected for each original examination or inspection of a warehouse under the act, when such examination or inspection is made upon application of a warehouseman, a fee at the rate of \$2 for each 10,000 bushels of the grain storage capacity, or fraction thereof, determined in accordance with regulation 3, section 2, paragraph 1, but in no case less than \$10 nor more than \$200, and, for each reexamination or reinspection, applied for by such warehouseman, a fee, based on the extent of the reexamination or reinspection, proportioned to, but not greater than, that prescribed for the original examination or inspection.

SEC. 3. Before any warehouseman's license, or amendment thereto, or any inspector's and/or weigher's license, is granted, or original examination or inspection, or reexamination or reinspection applied for by a warehouseman, is made, pursuant to these regulations, the warehouseman and/or inspector or weigher shall deposit with the bureau the amount of the fee prescribed. Such deposit shall be made in the form of a check, certified if required by the bureau, draft, or post office or express money order, payable to the order of "Disbursing Clerk, Department of Agriculture."

SEC. 4. The disbursing clerk of the United States Department of Agriculture shall hold in his custody each advance deposit made under this regulation until the fee, if any, is assessed and he is furnished by the bureau with a statement showing the amount thereof and against whom assessed. Any part of such advance deposit which is not required for the payment of any fee assessed shall be returned to the party depositing same.

### Regulation 7. Inspectors and Weighers

SECTION 1. *Paragraph 1.* Application for licenses to inspect and grade or to weigh grain under section 11 of the act shall be made to the chief of the bureau on forms furnished for the purpose by him. Each application shall be in English, shall be signed by the applicant, and shall contain or be accompanied by a statement from the warehouseman for whom the applicant will inspect, grade or weigh grain under the act, showing whether the applicant is competent and is acceptable to such warehouseman for the purpose.

*Par. 2.* Each inspector's application shall contain (a) evidence that he can correctly grade grain in accordance with the official standards of the United States, or in the absence of such stand-

Inspector's and weigher's application.

Contents of inspector's application.

ards in accordance with any standards approved by the chief of the bureau, (b) that he has passed his twenty-first birthday, (c) satisfactory evidence that he will be provided with such means or facilities for inspecting and grading grain as may be deemed necessary, for use in the locality in which the applicant expects to perform services as a licensed inspector.

Inspector's  
licensed under  
Grain Standards  
Act

*Par. 3.* In lieu of compliance with the requirements of paragraph 2 of this section, the license applied for may be granted whenever such applicant furnishes satisfactory evidence that he holds an effective license under the Grain Standards Act and regulations thereunder, to inspect and grade such grain and to certificate the grade thereof.

Contents of  
weigher's  
application.

*Par. 4.* Applications for licenses to weigh grain shall be on forms furnished for the purpose by the chief of the bureau and shall give such information as will show the applicant's experience in weighing grain.

Combined  
inspector's  
and weigher's  
application.

*Par. 5.* A single application may be made by any person for a license as both inspector and weigher upon complying with the requirements of this section.

Applicant  
must furnish  
additional  
information if  
requested.

*Par. 6.* An applicant shall at any time furnish such additional information as the department shall find to be necessary to the consideration of his application.

Examination of  
applicants and  
licensees.

*SEC. 2.* Each applicant for license as an inspector or weigher and each inspector or weigher shall, whenever requested by an authorized agent of the department, submit to an examination or test to show his ability properly to inspect and grade or to weigh grain.

Posting of  
licenses.

*SEC. 3.* Each inspector or weigher shall keep his license conspicuously posted in a place designated for the purpose by the bureau.

Duties of  
inspector and  
weigher.

*SEC. 4.* Each inspector and each weigher whose license remains in effect shall, without discrimination, as soon as practicable, and upon reasonable terms, inspect and grade or weigh and certificate the grade or weight of grain, stored or to be stored in a warehouse, for which he holds a license, if such grain be offered to him under such conditions as permit proper inspection and weighing and the determination of the grade or weight thereof. No inspector shall issue a certificate of grade for any grain unless the inspection and grading thereof be based upon a correct and representative sample of the grain.

Inspection  
certificates to  
be based on  
representative  
sample.

Inspection  
certificate.

*SEC. 5. Paragraph 1.* Except as provided in paragraph 2 of this section, each inspection certificate issued under the act by an inspector shall be in a form approved for the purpose by the department, and shall embody within its written or printed terms: (a) The caption "United States Warehouse Act, Grain Inspection Certificate," (b) whether it is an original, a duplicate, or other copy, and that it is not negotiable, (c) the name and location of the warehouse in which the grain is or is to be stored, (d) the date of the certificate, (e) the consecutive number of the certificate, (f) the approximate amount of grain covered by the certificate, (g) the kind of grain covered by the certificate, (h) the grade of the grain, as determined by such licensed inspector, in accordance with regulation 8, and, in the case of grain for which no official grain standards of the United States are in effect, the standard or description in accordance with which such grain is graded, (i) that the certificate is issued by an inspector licensed under the United States warehouse act and the regulations thereunder, (j) a statement conspicuously placed to the effect that the certificate is not valid for the purposes of the United States Grain Standards Act, and (k) the signature of the inspector who inspected and graded the grain. In addition, the inspection certificate may include any other matter not inconsistent with the act or these regulations, provided the approval of the bureau is first secured.

Inspection cer-  
tificate under  
grain standards  
act valid for  
purposes of act.

*Par. 2.* In lieu of the inspection certificate provided for in the preceding paragraph, each inspector, who holds an unsuspended and unrevoked license under the grain standards act and regulations thereunder to inspect and grade any grain and to



certificate the grade thereof for shipment or delivery for shipment in interstate or foreign commerce, shall, unless otherwise requested as to any such grain by the owner or depositor thereof, issue a certificate of grade covering such grain in accordance with the grain standards act and regulations thereunder. Such grain shall be deemed to be inspected and graded and such certificate of grade shall be deemed to be an inspection certificate for the purposes of the act and these regulations.

SEC. 6. Each inspector shall, as soon as possible after grading any grain and not later than the close of business on the next following business day, make accessible to the parties interested in a transaction in which the grain is involved at the place designated in section 3 of this regulation a true copy of the inspection certificate issued by him for such grain, or a record of each lot or parcel of grain inspected and graded by such licensed inspector showing the information contained on such inspection certificate.

Copies of inspection certificate to be made accessible to interested parties.

SEC. 7. Each weight certificate issued under the act by a weigher shall be in a form approved for the purpose by the bureau, shall embody within its written or printed terms: (a) The caption "United States Warehouse Act, Grain Weight Certificate," (b) whether it is an original, a duplicate, or other copy, and that it is not negotiable, (c) the name and location of the warehouse in which the grain is or is to be stored, (d) the date of the certificate, (e) the net weight, including dockage, if any, of the grain, (f) that the certificate is issued by a weigher licensed under the United States warehouse act and the regulations thereunder, and (g) the signature of the weigher. In addition, the weight certificate may include any other matter not inconsistent with the act or these regulations, subject to the approval of the bureau.

Weight certificates.

SEC. 8. The grade and weight of any grain, ascertained by an inspector and a weigher, may be stated on a certificate meeting the combined requirements of sections 5 and 7 of this regulation, if the form of such certificate shall have been approved for the purpose by the bureau.

Combined inspection and weight certificate.

SEC. 9. Each inspector and each weigher shall keep for a period of one year in a place accessible to interested parties a copy of each certificate issued to him under these regulations, and shall file a copy of each such certificate with the warehouse in which the grain covered by the certificates is stored.

Copies of certificates to be kept.

SEC. 10. Each inspector and each weigher shall permit any authorized officer or agent of the department to inspect or examine, on any business day during the usual hours of business, his books, papers, records, and accounts relating to the performance of his duties under the act and these regulations, and shall, with the consent of the warehouseman concerned, assist any such officer or agent in the inspection or examination mentioned in section 7 of regulation 5 as far as any such inspection or examination relates to the performance of the duties of such inspector or weigher under the act and these regulations.

Inspectors and weighers to permit examination of records and to assist department representative in making examinations.

SEC. 11. Each inspector and each weigher shall, from time to time, if requested by the bureau, make reports, on forms approved for the purpose by the bureau, bearing upon his activities as such inspector or weigher.

Reports.

SEC. 12. Pending investigation, the Secretary, or his designated representative, may, whenever he deems necessary, suspend the license of an inspector or weigher temporarily without hearing. Upon a written request or a satisfactory statement of reasons therefor, submitted by the inspector or weigher, the Secretary, or his designated representative, may, without hearing, suspend or revoke the license issued to such inspector or weigher. The Secretary, or his designated representative, may, after opportunity for hearing has been afforded in the manner prescribed in this section, suspend or revoke a license issued to an inspector or

Suspensions or revocations of inspector's or weigher's licenses.

a weigher when such licensee, (a) has ceased to perform services as such inspector or weigher, or (b) has in any other manner become incompetent or incapacitated to perform the duties of such inspector or weigher. As soon as it shall come to the attention of a warehouseman that either of the conditions mentioned under (a) or (b) exists, it shall be the duty of such warehouseman to notify the bureau in writing. Before the license of any inspector or weigher is suspended or revoked pursuant to section 12 of the act, such inspector or weigher shall be furnished by the Secretary, or his designated representative, a written statement specifying the charges and shall be allowed a reasonable time within which he may answer the same in writing and apply for a hearing, an opportunity for which shall be afforded in accordance with regulation 10, section 4.

Return of  
suspended or  
revoked inspec-  
tor's and  
weigher's  
licenses.

SEC. 13. *Paragraph 1.* In case a license issued to an inspector or a weigher is suspended or revoked by the Secretary, or his designated representative, such license shall be returned to the Secretary. At the expiration of any period of suspension of such license, unless in the meantime it be revoked, the dates of the beginning and termination of the suspension shall be indorsed thereon, it shall be returned to the inspector or weigher to whom it was originally issued and it shall be posted as prescribed in section 3 of this regulation.

Inspector's  
and weigher's  
licenses auto-  
matically termi-  
nate with  
warehouse  
license.

*Par 2.* Any license issued, under the act and these regulations, to an inspector or weigher shall automatically terminate as to any warehouse whenever the license of such warehouse shall be revoked or suspended. Thereupon the license of such inspector or weigher shall be returned to the department. In case such license shall apply to other warehouses, the Secretary, or his designated representative, shall issue to him a new license, omitting the names of the warehouses covering which licenses have been so revoked or suspended. Such new license shall be posted as prescribed in section 3 of this regulation.

Lost or destroyed  
inspector's  
and weigher's  
licenses.

SEC. 14. Upon satisfactory proof of the loss or destruction of a license issued to an inspector or weigher, a duplicate thereof may be issued under the same number, in the discretion of the Secretary, or his designated representative.

Unlicensed  
inspectors and  
weighers must  
not represent  
themselves as  
licensed.

SEC. 15. No person shall in any way represent himself to be an inspector or weigher licensed under the act unless he holds an unsuspended and unrevoked license issued under the act.

### Regulation 8. Grain Grading

Grades to be  
stated accord-  
ing to this  
regulation.  
Official grain  
standards of the  
United States  
adopted.  
Standards of  
grades for  
other grain.

SECTION 1. Whenever the grade of grain is required to be or is stated for the purpose of the act or these regulations, it shall be stated in accordance with this regulation.

SEC. 2. The official grain standards of the United States are hereby adopted as the official grain standards for the purposes of the act and these regulations.

SEC. 3. Until grades for any kind of grain are officially promulgated by the Secretary, the grade of grain, for which no official grain standards of the United States are in effect, shall be stated (a) in accordance with the State standards, if any, established in the State in which the warehouse is located, (b) in the absence of any State standards, in accordance with the standards, if any, adopted by the local board of trade, chamber of commerce, or by the grain trade generally in the locality in which the warehouse is located, subject to the approval of the bureau, or (c) in the absence of the standards mentioned in subdivisions (a) and (b) of this section, in accordance with any standards approved for the purpose by the bureau.

Grades to be  
based on repre-  
sentative sample  
and proper  
inspection.

SEC. 4. Whenever the grade of grain is required to be or is stated for the purposes of the act or these regulations, it shall be based upon a correct and representative sample of the grain and the inspection and grading thereof shall be made under conditions which permit the determination of its true grade.



## Regulation 9. Grain Appeals

SECTION 1. In case a question arises as to the true grade of grain, stored or to be stored in a warehouse, for which official grain standards of the United States are in effect and for which a grain inspection certificate has been issued in accordance with regulation 7, section 4, any interested party may take an appeal for the determination of the true grade of such grain. Who may appeal.

SEC. 2. In order to take such an appeal a complaint in writing in accordance with section 3 of this regulation shall be filed, in the office of Federal Grain Supervision in the district in which the inspection appealed from was made, not later than the close of business on the second business day following the date the grading was performed as shown by the record required by regulation 7, section 6. Complaint.

SEC. 3. Such complaint shall be in English and shall state (a) the name and post office address of the complainant, (b) the names and post office addresses of all other parties interested in the grain involved, or if no other parties are named, why not, (c) the name and location of the licensed warehouse in which the grain is or is to be stored, (d) the identification and the location of the grain at the time of taking the appeal, (e) if samples have been agreed upon and are submitted in accordance with paragraph 2 of section 7 of this regulation, a statement thereof, and (f) such other information as may be required by the office of Federal Grain Supervision in which such complaint is filed or by the chief of the bureau. Such complaint shall be signed by the complainant and may be signed by any one or more or all of the parties interested in such appeal. An appeal taken in conformity with the grain standards act and regulations thereunder shall be deemed to be an appeal for the purposes of this regulation. Contents of complaint.

SEC. 4. In case a complaint is filed under this regulation by a person purporting to act in behalf of another person, the grain supervisor in charge of the office of Federal Grain Supervision in which such complaint is filed, or the chief of the bureau, may, if he considers necessary, require proof of the authority of such person to file the complaint. Proof of agent's authority.

SEC. 5. The complainant shall file or cause to be filed in the office of Federal Grain Supervision mentioned in section 2 of this regulation, with the complaint or before the issuance of the grade memorandum in the appeal, the inspection certificate for the grain involved issued by the inspector from whose inspection the appeal is taken together with the receipt, if any, covering such grain. If such inspection certificate be in the custody or control of the inspector he shall upon request immediately transmit or deliver it to said office. Certificate of inspection and receipt to be surrendered.

SEC. 6. Upon a showing of the discovery of fraud or other good cause for an extension of time the grain supervisor in charge of the office mentioned in section 2 of this regulation may permit the filing of a complaint or sample after the time prescribed therefor in these regulations, and a statement of such appeal by the official making the same. Extension of time for filing complaint.

SEC. 7. *Paragraph 1.* No appeal taken under this regulation shall be determined except upon the basis of a representative sample or samples of the grain involved. Basis for determining appeal.

*Par. 2.* The complainant may submit representative samples of the grain involved which have been agreed upon by the warehouseman in whose warehouse the grain is or is to be stored and the interested parties, other than such warehouseman, or have been drawn by a disinterested person selected for the purpose by the warehouseman and such parties. Agreed samples may be submitted.

*Par. 3.* If samples which have been submitted pursuant to paragraph 2 of this section be deemed unsatisfactory, or if such samples be not submitted, a representative sample or samples of the grain involved shall be drawn by a person authorized for the Samples to be drawn by authorized person.

Transmittal of sample.	purpose by the bureau or the grain supervisor in charge of the office of Federal Grain Supervision in which the appeal is heard; and the complainant or the warehouseman shall have the grain made accessible and placed under such conditions as to permit the taking of a representative sample.
What constitutes representative samples.	SEC. 8. Samples of grain involved in an appeal shall be delivered in person or transmitted by express or parcel post to the office of Federal Grain Supervision in which the appeal is filed.
Size of sample.	SEC. 9. For the purposes of an appeal under this regulation no sample shall be deemed to be representative unless it comply with the following requirements: <i>Paragraph 1.</i> It shall be at least 2 quarts in size, of which at least $1\frac{1}{8}$ pints shall be inclosed in a clean, airtight container and the remainder, if any, in a clean cloth sack.
How to obtain sample.	<i>Par. 2.</i> Samples shall be taken from as many different portions of the lot or parcel, in accordance with the instructions of the bureau or the grain supervisor in charge of the office mentioned in section 2 of this regulation, as will show an average of the lot or parcel.
Sample portions to be mixed.	<i>Par. 3.</i> The grain taken from the different portions of a lot or parcel shall be thoroughly mixed, and such mixtures, or a typical portion thereof, otherwise complying with this regulation, shall constitute a sample of the entire lot or parcel.
Statement on damaged grain in sample.	<i>Par. 4.</i> In case any portion of a lot or parcel of grain is sour, musty, excessively wet, heating, hot, fire burnt, infested with live weevil or other insects injurious to stored grain, or otherwise of distinctly low quality, separate samples otherwise complying with this regulation shall be taken, respectively, from such portion and from the remaining portion. There shall be filed with such samples a statement showing the estimated quantity of each portion of the grain from which each such sample was taken.
Penalty for concealing inferior grain.	<i>Par. 5.</i> In case it shall appear that a lot or parcel of grain has been so loaded or handled as intentionally to conceal evidently inferior grain, a sample of such inferior grain, otherwise complying with this regulation, shall constitute a sample of the entire lot or parcel.
When appeal may be dismissed.	SEC. 10. The grain supervisor in charge of an office of Federal Grain Supervision in which an appeal is filed may dismiss such appeal without its determination; (a) upon request of the complainant, (b) if it be found that the appeal was not taken in good faith, (c) for noncompliance with these regulations, or (d) because sufficient evidence is not available upon which to determine the true grade of the grain.
Samples to be examined and grade certificate issued.	SEC. 11. The sample or samples of the grain involved in an appeal complying with this regulation shall be examined as soon as possible, such tests shall be applied as are necessary, and except as provided in Section 10 of this regulation a grade certificate shall be issued by the grain supervisor hearing the appeal, showing the grade assigned by him to such grain. Such grade certificate shall supersede the inspection certificate for the grain involved. Immediately upon the issuance of a grade certificate under this section the original thereof, together with any receipt covering such grain filed in the appeal, shall be sent to the licensed warehouseman concerned and a copy shall be sent to the licensed inspector and to each other person shown by the record of the appeal to be interested therein.
Persons to whom copies of grade certificate shall be sent.	SEC. 12. <i>Paragraph 1.</i> The minimum fee in an appeal shall be \$1 if it involve the grade of grain in a wagon or in a lot of 25 sacks or less. In any other appeal the minimum fee shall be \$1.50.
Fees.	When the total fee in any appeal at the rates specified below in this paragraph would amount to more than the minimum, the fee in the appeal shall be fixed as follows: For bulk or sacked grain in carload lots, \$1.50 per car; For bulk or sacked grain in wagon lots, \$1 per wagon;



For bulk or sacked grain in other than in carload or wagon lots, 50 cents per 1,000 bushels or fraction thereof, except as provided in the first sentence of this section.

*Par. 2.* Such further charges may be made for telegraph and telephone toll charges, express, parcel post, registry fees, and for other items paid or incurred by the department on account of a dispute or an appeal, and for drawing and submitting samples required by this regulation, including such traveling expenses, if any, incurred in accordance with the fiscal regulations of the department as the chief of the bureau may deem proper.

*Par. 3.* The fees and expenses fixed in accordance with this section shall be assessed against the complainant.

*Sec. 13. Paragraph 1.* If required by the grain supervisor in charge of the office of Federal Grain Supervision in which the complaint is filed or by the chief of the bureau, the complainant shall make an advance deposit to cover the expenses payable by him under section 12 of this regulation. Such deposit shall be in an amount fixed by such grain supervisor or the chief of the bureau and shall be in the form of a check, certified if required by the chief of the bureau, or a post office or express money order payable to the order of "Disbursing Clerk, Department of Agriculture." Additional sums may be required by the official hearing the appeal when deemed necessary by him as advance deposits. In case an appeal be sustained, the amount of the fee assessed shall be refunded. As soon as possible after the determination of an appeal in connection with which any such advance deposit shall have been made, the chief of the bureau shall furnish the disbursing clerk of the department with a statement of all fees and expenses chargeable against such advance deposits. Thereupon the disbursing clerk shall return to the person making the advance deposit as much thereof as shall not be required for the payment of such expenses.

*Par. 2.* All fees not covered by advance deposits shall be payable immediately upon service of the original or a copy of the grade certificate of the grain supervisor and shall be paid by check, certified if required by the chief of the bureau, or post office or express money order, drawn to the order of "Disbursing Clerk, Department of Agriculture," or in cash to the disbursing clerk.

*Par. 3.* In case an appeal is not sustained, all sums assessed as fees and expenses against such advance deposits and all sums collected and received by the disbursing clerk in payment of such fees and expenses shall be deposited and covered into the Treasury of the United States as miscellaneous receipts.

*Sec. 14.* Samples of grain submitted in appeals under this regulation, or such portions thereof as have not been used in determining the grade and the containers of such samples may, after the expiration of one month be used for the purposes of the department or disposed of in accordance with the property regulations of the department and the proceeds, if any, covered into the Treasury of the United States as miscellaneous receipts, or may, at any time in the discretion of the chief of the bureau be returned to the party by whom they were filed or his agent at his expense.

*Sec. 15.* No rule, regulation, by-law, or custom of any market, board of trade, chamber of commerce, exchange, inspection department or similar organization, nor any contract, agreement, or understanding, shall be ground for refusing to hear and determine any appeal taken under this regulation.

*Sec. 16.* No person, licensed under the act, shall, directly or indirectly by any means whatsoever, deter or prevent or attempt to deter or prevent any party from taking an appeal under this regulation.

Further charges.

Fees and expenses assessed against complainant. Advance deposits.

Fee refunded if appeal sustained.

Fees, how paid.

Fees and expenses for appeals not sustained.

Disposition of samples.

No ground for refusing an appeal.

No person shall prevent any party from taking an appeal.



## Regulation 10. Miscellaneous

Regulations  
applicable to  
State ware-  
houses.

SECTION 1. Every person applying for a license, or licensed under section 9 of the act, shall, as such, be subject to all portions of these regulations, except regulation 2, section 4, so far as they may relate to warehousemen. In case there is a law of any State providing for a system of warehouses owned, operated or leased by such State, a person applying for a license under section 9 of the act, to accept the custody of grain and to store the same in any of said warehouses, may, in lieu of a bond or bonds, complying with regulation 3, sections 1 and 2, file with the Secretary, or his designated representative, a single bond meeting the requirements of the act and these regulations, in such form, and in such amount not less than \$5,000 as he shall prescribe, to insure the performance by such person, with respect to the acceptance of the custody of grain and its storage in the warehouses in such system for which licenses are or may be issued, of his obligations arising during the periods of such licenses, and in addition, if desired by the applicant, during the periods of any amendments thereto. In fixing the amount of such bond, consideration shall be given, among other appropriate factors, to the character of the warehouses involved, their actual or contemplated capacity, the bonding requirements of the State and its liability with respect to such warehouses. If the Secretary, or his designated representative, shall find the existence of conditions warranting such action, there shall be added to the amount of the bond so fixed, a further amount, fixed by him, to meet such conditions.

Publications.

SEC. 2. Publications under the act and these regulations shall be made in such media as may be deemed proper by the chief of the bureau.

Information of  
violation of act  
and regulations.

SEC. 3. Every person licensed under the act shall immediately furnish the department any information which comes to the knowledge of such person tending to show that any provision of the act or these regulations has been violated.

Procedure in  
hearings.

SEC. 4. For the purpose of a hearing under the act or these regulations, except regulation 9, the licensee involved shall be allowed a reasonable time, fixed by the Secretary, or his designated representative, within which affidavits and other proper evidence may be submitted. If requested by the licensee within such time, an oral hearing, of which reasonable notice shall be given, shall be held before, and at a time and place fixed by, the Secretary, or his designated representative. The testimony of the witnesses at such oral hearings shall be upon oath or affirmation administered by the official before whom the hearing is held, when required by him. Such oral hearing may be adjourned by him from time to time. After reasonable notice to all parties concerned, the deposition of any witness may be taken at a time and place and before a person designated for the purpose by the Secretary, or his designated representative. Every written entry in the records of the Department of Agriculture made by an officer or employee thereof in the course of his official duty, which is relevant to the issue involved in a hearing, shall be admissible as prima facie evidence of the facts stated therein without the production of such officer or employee. Copies of all papers and all the evidence submitted or considered in such hearing shall be made a part of the records of the department. The records, and when there has been an oral hearing other than by the Secretary, the recommendation of the official holding such oral hearing shall be transmitted to the Secretary for his consideration. Each party shall pay all expenses contracted by him in connection with any hearing under this section.

One document  
and one license  
to cover several  
products.

SEC. 5. A license may be issued for the storage of two or more agricultural products in a single warehouse. Where such a license is desired, a single application, inspection, bond, record, report or other paper, document or proceeding relating to such

warehouse, shall be sufficient unless otherwise directed by the chief of the bureau.

SEC. 6. Where such license is desired, the amount of the bond, net assets, and inspection and license fees shall be determined by the chief of the bureau in accordance with the regulations applicable to the particular agricultural product which would require the largest bond and the greatest amount of net assets and of fees if the full capacity of the warehouse was used for its storage.

Amount of assets and bond needed for combination warehouses.

SEC. 7. Any amendment to these regulations, unless otherwise stated herein, shall apply in the same manner to persons holding licenses at the time it becomes effective as it applies to persons thereafter licensed under the act.

Amendments.

## Regulation 11

(Applicable only to warehousemen in terminal and futures contract markets)

SECTION 1. For the purpose of this regulation a futures contract market is any grain market designated as a futures contract market under authority of the Commodity Exchange Act.

Futures market defined.

SEC. 2. Licenses to weigh grain into, out of, and within licensed warehouses, receipts of which are deliverable in satisfaction of futures contracts, may be issued to the weighmaster and his deputies of such contract market.

Weighers' licenses may be issued to market weighmaster and deputies.

SEC. 3. The chief of the bureau may approve as registrar of warehouse receipts issued for grain in licensed elevators operating in a futures contract market the official designated by the State in which such contract market is located, if such an official position has been created by law, or any other individual provided such individual is not an employee of, or the owner of, any such licensed elevator.

State registrar may be approved as Federal registrar.

SEC. 4. Licenses may be issued to employees of the grain inspection department of any State or any other agency to inspect and to certificate the grade of grain moving into, out of, or within, the licensed elevators.

Grain inspectors' licenses may be issued to State inspectors.

SEC. 5. Licenses may be issued to a chief sampler or his deputies in any market to sample and to inspect grain stored or to be stored in any licensed warehouse in a specified market for the purpose of determining the storability of the grain, subject to the act and the regulations thereunder. Should a difference of opinion exist between any licensed warehouseman, the licensed sampler or any party having an interest in the grain, an appeal may be filed within 24 hours with the chief of the bureau who shall appoint three disinterested persons to serve as an appeals committee and the findings of this committee shall be final and binding on all parties.

Chief sampler of market may be licensed.

Condition of grain may be appealed.

SEC. 6. In addition to the financial responsibility and the bonding requirements of Regulations 2 and 3, such additional bond shall be required for the protection of the public as will make the bonded responsibility of each licensed warehouseman equal to the maximum amount of bond required for nonlicensed warehousemen by the exchange, board of trade, or other agency within said market in which the licensed warehouseman is operating.

Additional bond required of terminal warehousemen.

SEC. 7. Annually or more frequently if desired, a duly authorized committee of any exchange or board of trade that has been designated as a contract market may enter any warehouse operating under these regulations, when accompanied by United States warehouse examiners, to observe the official examination of the warehouse; or such committee may participate in the making of such examination, under the supervision and direction of the United States warehouse examiner in charge. The committee shall be afforded full knowledge of the quantities, kinds, grades, and condition of all grain in the warehouse. The committee may also with the warehouse examiners have access to the warehouseman's records of receipts, fire insurance, weights, and grades. In lieu of an

Exchange Committee may accompany Federal examiners in inspecting warehouses.



examination by any committee of the exchange or board of trade the Department of Agriculture will furnish, if desired, to the secretary of the exchange or board of trade a summarized statement of its findings of conditions at each licensed warehouse operating within the market.

All warehouse receipts shall be registered in contract market.

SEC. 8. When a contract market designates any agency for the registration of public warehouse receipts and such agency is approved as provided for in Section 3 of this regulation, all warehouse receipts shall be registered with the registrar and any change in ownership of a warehouse receipt shall be reported to the registrar by the owner thereof, giving his name and address to the registrar. All registered receipts shall be entitled to the following protection:

Precautions to protect receipts covering grain going out of condition.

(a) Whenever any licensed warehouseman considers that any grain stored in his warehouse is out of condition, or becoming so, and should be loaded out in order to protect the interests of the parties concerned, such warehouseman shall notify the registrar and the chief of bureau, giving the location, approximate quantity, grades, and condition of such grain, and the specific reason which makes loading out necessary. The registrar shall immediately notify the chief sampler, if there be one, otherwise the chief inspector, of the contract market who shall at once proceed to the warehouse in which the grain is stored and examine it, in conjunction with the licensed warehouseman. If the chief sampler, or chief inspector, agrees with the warehouseman that the grain should be loaded out, he shall so notify the registrar and the chief of the bureau. If the chief sampler does not agree with the warehouseman, the latter shall have the right to appeal to the chief of bureau who shall appoint an appeals committee as provided in Section 5. If, on such appeal, the warehouseman is sustained, the registrar shall be notified and such warehouse receipts as are selected as herein provided shall no longer be regular for delivery in satisfaction of futures contracts made under the rules and regulations of such contract market.

If grain must be loaded, oldest receipts to be selected first for surrender.

The registrar shall thereupon select the oldest registered warehouse receipt for grain of the grade involved and such additional next oldest registered warehouse receipts in the order of their issuance as may be necessary to equal the total quantity of the grain involved, unless such grain has been stored "identity preserved," and shall notify such holder or holders or their agents and the president of the contract market of the condition of the grain and the necessity for its being loaded out. When this information reaches the president of the contract market he shall appoint a committee consisting of five disinterested handlers of cash grain and notify the chief of bureau of the appointment of said committee giving the name, address, and business of each member. Each member of said committee shall be subject to disapproval by the chief of bureau. If no exception is taken to the committee membership during the same business day by the chief of bureau, the committee shall meet at once, and after taking into consideration various factors that establish the value of the grade of grain called for by the receipts held by such owner or owners, shall determine the fair value of the grain on the basis of the market quotations for grain of the grade called for by the receipts on the day of the finding of the appeals committee that the grain should be loaded out, which price shall be paid to the owner or holder of each such receipt by the licensed warehouseman. If the price offered is not satisfactory to any such owner or holder, a committee appointed by the president of such contract market at the request of such owner or holder shall procure other offers for such grain and such offers shall be immediately reported to such owner or holder or to his agent. If the owner refuses to accept any such offers he shall have the 2 following business days to order and furnish facilities for loading such grain out of store and during this period the warehouseman shall be obliged to deliver the grain covered by the warehouse receipts, but not more than 3 days shall elapse after notification by

Appointment and approval of committee to establish value of grain.



the registrar to the holder of the receipts before satisfactory disposition shall have been made of the grain either by sale or by ordering out and furnishing facilities to load same, provided the amount of such grain does not exceed 100,000 bushels in any one elevator. If the amount of grain in question exceeds 100,000 bushels, the owner or owners of the warehouse receipts shall be allowed 48 hours of grace over and above the aforementioned 3 days for each 100,000 bushels or fraction thereof in excess of the first 100,000 bushels.

(b) In the event that the holder of the warehouse receipt or his agent fails to remove the grain or make other satisfactory disposition of same within the prescribed time it shall be held for his account and any loss in grade sustained shall likewise be for his account.

(c) Nothing in the foregoing provisions shall be construed as prohibiting the warehouseman from fulfilling contracts from other stocks under his control, subject to the United States warehouse act and regulations thereunder.

Sec. 8. This regulation applies only to warehousemen operating in such markets as the Department of Agriculture may view as terminal markets or in such markets as may be designated as futures contract markets. All other regulations issued under the act and applicable to grain warehousemen shall apply to warehousemen operating in such terminal or futures contract markets except as such regulations may conflict with this regulation.

Applicability of  
this regulation.

## UNITED STATES WAREHOUSE ACT

[39 United States Statutes at Large, page 486, as amended July 25, 1919, February 23, 1923, and March 2, 1931.]

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That this Act shall be known by the short title of "United States warehouse Act."

SEC. 2. That the term "warehouse" as used in this Act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this Act, "person" includes a corporation or partnership or two or more persons having a joint or common interest; "warehouseman" means a person lawfully engaged in the business of storing agricultural products; and "receipt" means a warehouse receipt.

SEC. 3. That the Secretary of Agriculture is authorized to investigate the storage, warehousing, classifying according to grade and otherwise, weighing, and certification of agricultural products; upon application to him by any person applying for license to conduct a warehouse under this Act, to inspect such warehouse or cause it to be inspected; at any time, with or without application to him, to inspect or cause to be inspected all warehouses licensed under this Act; to determine whether warehouses for which licenses are applied for or have been issued under this Act are suitable for the proper storage of any agricultural product or products; to classify warehouses licensed or applying for a license in accordance with their ownership, location, surroundings, capacity, conditions, and other qualities, and as to the kinds of licenses issued or that may be issued for them pursuant to this Act; and to prescribe, within the limitations of this Act, the duties of the warehousemen conducting warehouses licensed under this Act with respect to their care of and responsibility for agricultural products stored therein.

SEC. 4. That the Secretary of Agriculture, or his designated representative, is authorized, upon application to him, to issue to any warehouseman a license for the conduct of a warehouse or warehouses in accordance with this Act and such rules and regulations as may be made hereunder: *Provided*, That each such warehouse be found suitable for the proper storage of the particular agricultural product or products for which a license is applied for, and that such warehouseman agree, as a condition to the granting of the license, to comply with and abide by all the terms of this Act and the rules and regulations prescribed hereunder.

SEC. 5. That each license issued under Sections 4 and 9 of this Act shall terminate as therein provided, or in accordance with the terms of this Act and the regulations thereunder, and may from time to time be modified or extended by a written instrument.

SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this Act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the terms of this Act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this Act, and may, in the discretion of the Secretary of Agriculture, include the requirements of fire and/or other insurance. Whenever the Secretary of Agri-

culture, or his designated representative, shall determine that a previously approved bond is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.

SEC. 7. That any person injured by the breach of any obligation to secure which a bond is given, under the provisions of Sections 6 or 9, shall be entitled to sue on the bond in his own name in any court of competent jurisdiction to recover the damages he may have sustained by such breach.

SEC. 8. That upon the filing with and approval by the Secretary of Agriculture, or his designated representative, of a bond, in compliance with this Act, for the conduct of a warehouse, such warehouse may be designated as bonded hereunder; but no warehouse shall be designated as bonded under this Act, and no name or description conveying the impression that it is so bonded shall be used until a bond, such as provided for in Section 6, has been filed with and approved by the Secretary of Agriculture, or his designated representative, nor unless the license issued under this Act for the conduct of such warehouse remains unsuspended and unrevoked.

SEC. 9. That the Secretary of Agriculture, or his designated representative, may, under such rules and regulations as he shall prescribe, issue a license to any person not a warehouseman to accept the custody of agricultural products, and to store the same in a warehouse or warehouses owned, operated, or leased by any State, upon condition that such person agree to comply with and abide by the terms of this Act and the rules and regulations prescribed hereunder. Each person so licensed shall issue receipts for the agricultural products placed in his custody, and shall give bond, in accordance with the provisions of this Act, and the rules and regulations hereunder affecting warehousemen licensed under this Act, and shall otherwise be subject to this Act, and such rules and regulations, to the same extent as is provided for warehousemen licensed hereunder.

SEC. 10. That the Secretary of Agriculture, or his designated representative, may charge, assess, and cause to be collected a reasonable fee for every examination or inspection of a warehouse under this Act when such examination or inspection is made upon application of a warehouseman, and for each license issued to a warehouseman or to any person to classify, inspect, grade, sample, and/or weigh agricultural products stored or to be stored under the provisions of this Act, the Secretary of Agriculture, or his designated representative, may charge, assess, and cause to be collected a reasonable fee. All such fees shall be deposited and covered into the Treasury as miscellaneous receipts.

SEC. 11. That the Secretary of Agriculture, or his designated representative, may upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample, or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this Act, according to condition, grade, or otherwise and to certificate the condition, grade, or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample, or classify and weigh the same and to certificate the condition, grade, or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this Act and of the rules and regulations prescribed hereunder so far as the same relate to him.

SEC. 12. That any license issued to any person to inspect, sample, or classify, or to weigh any agricultural product or products under this Act may be suspended or revoked by the Secretary of Agriculture, or his designated representative, whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify, or to weigh any agricultural product or products correctly, or has violated any of the provisions of this Act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

SEC. 13. That every warehouseman conducting a warehouse licensed under this Act shall receive for storage therein, so far as its capacity permits, any agricultural product of the kind customarily stored therein by him which may



be tendered to him in a suitable condition for warehousing, in the usual manner in the ordinary and usual course of business, without making any discrimination between persons desiring to avail themselves of warehouse facilities.

SEC. 14. That any person who deposits agricultural products for storage in a warehouse licensed under this Act shall be deemed to have deposited the same subject to the terms of this Act and the rules and regulations prescribed hereunder.

SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act shall be inspected and graded by a person duly licensed to grade the same under this Act.

SEC. 16. That every warehouseman conducting a warehouse licensed under this Act shall keep the agricultural products therein of one depositor so far separate from agricultural products of other depositors, and from other agricultural products of the same depositor for which a separate receipt has been issued, as to permit at all times the identification and redelivery of the agricultural products deposited; but if authorized by agreement or by custom, a warehouseman may mingle fungible agricultural products with other agricultural products of the same kind and grade, and shall be severally liable to each depositor for the care and redelivery of his share of such mass, to the same extent and under the same circumstances as if the agricultural products had been kept separate, but he shall at no time while they are in his custody mix fungible agricultural products of different grades.

SEC. 17. That for all agricultural products stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this Act original receipts shall be issued by the warehouseman conducting the same, but no receipts shall be issued except for agricultural products actually stored in the warehouse at the time of the issuance thereof.

SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this Act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States warehouse Act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this Act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located, when requested by a depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: *Provided, however*, The Secretary of Agriculture may in his

discretion require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable.

Sec. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority of any other Act of Congress shall be, and are hereby, adopted for the purposes of this Act as the official standards of the United States for the agricultural products to which they relate.

Sec. 20. That while an original receipt issued under this Act is outstanding and uncanceled by the warehouseman issuing the same no other or further receipt shall be issued for the agricultural product covered thereby or for any part thereof, except that in the case of a lost or destroyed receipt a new receipt, upon the same terms and subject to the same conditions and bearing on its face the number and date of the receipt in lieu of which it is issued, may be issued upon compliance with the statutes of the United States applicable thereto in places under the exclusive jurisdiction of the United States or upon compliance with the laws of any State applicable thereto in any place not under the exclusive jurisdiction of the United States: *Provided*, That if there be in such case no statute of the United States or law of a State applicable thereto such new receipts may be issued upon the giving of satisfactory security in compliance with the rules and regulations made pursuant to this Act.

Sec. 21. That a warehouseman conducting a warehouse licensed under this Act, in the absence of some lawful excuse, shall, without unnecessary delay, deliver the agricultural products stored therein upon a demand made either by the holder of a receipt for such agricultural products or by the depositor thereof if such demand be accompanied with (a) an offer to satisfy the warehouseman's lien; (b) an offer to surrender the receipt, if negotiable, with such indorsements as would be necessary for the negotiation of the receipts; and (c) a readiness and willingness to sign, when the products are delivered, an acknowledgment that they have been delivered if such signature is requested by the warehouseman.

Sec. 22. That a warehouseman conducting a warehouse licensed under this Act shall plainly cancel upon the face thereof each receipt returned to him upon the delivery by him of the agricultural products for which the receipt was issued.

Sec. 23. That every warehouseman conducting a warehouse licensed under this Act shall keep in a place of safety complete and correct records of all agricultural products stored therein and withdrawn therefrom, of all warehouse receipts issued by him, and of the receipts returned to and canceled by him, shall make reports to the Secretary of Agriculture concerning such warehouse and the condition, contents, operation, and business thereof in such form and at such times as he may require, and shall conduct said warehouse in all other respects in compliance with this Act and the rules and regulations made hereunder.

Sec. 24. That the Secretary of Agriculture is authorized to cause examinations to be made of any agricultural product stored in any warehouse licensed under this Act. Whenever, after opportunity for hearing is given to the warehouseman conducting such warehouse, it is determined that he is not performing fully the duties imposed on him by this Act and the rules and regulations made hereunder, the Secretary may publish his findings.

Sec. 25. That the Secretary of Agriculture, or his designated representative, may, after opportunity for hearing has been afforded to the licensee concerned, suspend or revoke any license to any warehouseman conducting a warehouse under this Act, for any violation of or failure to comply with any provision of this Act or of the rules and regulations made hereunder, or upon the ground that unreasonable or exorbitant charges have been made for services rendered. Pending investigation, the Secretary of Agriculture, or his designated representative, whenever he deems necessary, may suspend a license temporarily without hearing.

Sec. 26. That the Secretary of Agriculture from time to time may publish the results of any investigations made under Section 3 of this Act; and he shall publish the names and locations of warehouses licensed and bonded and the names and addresses of persons licensed under this Act and lists of all licenses terminated under this Act and the causes therefor.



SEC. 27. That the Secretary of Agriculture is authorized through officials, employees, or agents of the Department of Agriculture designated by him to examine all books, records, papers, and accounts of warehouses licensed under this Act and of the warehousemen conducting such warehouses relating thereto.

SEC. 28. That the Secretary of Agriculture shall from time to time make such rules and regulations as he may deem necessary for the efficient execution of the provisions of this Act.

SEC. 29. That in the discretion of the Secretary of Agriculture he is authorized to cooperate with State officials charged with the enforcement of State laws relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the power, jurisdiction, and authority conferred upon the Secretary of Agriculture under this Act shall be exclusive with respect to all persons securing a license hereunder so long as said license remains in effect. This Act shall not be construed so as to limit the operation of any statute of the United States relating to warehouses or to warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States.

SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use, any license issued by the Secretary of Agriculture, or his designated representative, under this Act, or who shall violate or fail to comply with any provision of Section 8 of this Act, or who shall issue or utter a false or fraudulent receipt or certificate, or change in any manner an original receipt or certificate subsequently to issuance by a licensee, or any person who, without lawful authority, shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this Act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse, and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than \$10,000, or double the value of the products involved if such double value exceeds \$10,000, or imprisoned not more than ten years, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive, a false sample of, or who shall willfully mutilate or falsely represent a sample drawn under this Act, or who shall classify, grade, or weigh fraudulently, any agricultural product stored or to be stored under the provisions of this Act, shall be deemed guilty of a misdemeanor, and upon conviction thereof fined not more than \$500, or imprisoned for not more than six months, or both, in the discretion of the court.

SEC. 31. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$50,000, available until expended, for the expenses of carrying into effect the provisions of this Act, including the payment of such rent and the employment of such persons and means as the Secretary of Agriculture may deem necessary in the city of Washington and elsewhere, and he is authorized, in his discretion, to employ qualified persons not regularly in the service of the United States for temporary assistance in carrying out the purposes of this Act, and out of the moneys appropriated by this Act to pay the salaries and expenses thereof.

SEC. 32. That if any clause, sentence, paragraph, or part of this Act shall, for any reason, be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered.

SEC. 33. That the right to amend, alter, or repeal this Act is hereby expressly reserved.



